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SUBJ: PROPOSALS TO STRENGTHEN NUCLEAR COOPERATION --
MEETING OF SEPTEMBER 8, 1975.

REF: OECD PARIS 19209

OECD PARIS PASS TO IEA SECRETARIAT

BONN PASS TO SCHMIDT-KUESTER AND FRG REP. IEA/SEUS

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LONDON PASS TO W. MARSHALL AND C. HERZIG

1. U.S. APPRECIATES EFFORTS OF SECRETARIAT -- AS SET OUT
IN IEA/SLT (75)87 -- IN CARRYING OUT ASSIGNMENT BY SLT

AT JULY 23, 1975 MEETING TO ANALYZE NUCLEAR ENERGY QUESTIONNAIRE AND TO RECOMMEND AN ON-GOING PROGRAM OF IEA NUCLEAR ENERGY ACTIVITIES. IT HAS NO BASIC DISAGREEMENT WITH THE PROPOSED PROGRAM OF WORK OUTLINED OR BELIEVE THAT IEA/SLT(7587.) HOWEVER, THE U.S. CONTINUES TO BELIEVE THAT THE IEA COULD UNDERTAKE CERTAIN ADDITIONAL ACTIVITIES IN THE NUCLEAR FIELD WHICH WOULD INCREASE THE PROSPECTS FOR ASSURING THAT NUCLEAR POWER WILL PLAY ITS CONTEMPLATED ROLE IN MEETING FUTURE ENERGY REQUIREMENTS OF THE MEMBERS. IT FURTHER BELIEVES, AS A RESULT OF THE DISCUSSIONS AT THE

JULY 23 MEETING, THAT CERTAIN OTHER MEMBERS SHARE A SIMILAR VIEW.

2. SPECIFICALLY, THE U.S. FEELS THAT THE IEA MIGHT CONSIDER THE FOLLOWING NUCLEAR ACTIVITIES:

A. IMPROVING UNDERSTANDING AMONG THE MEMBERS OF THE ASSUMPTIONS AND METHODOLOGY USED IN FORECASTING NUCLEAR POWER SUPPLY AND RELATED REQUIREMENTS FOR NATURAL URANIUM AND ENRICHMENT SERVICES.

B. MAKING AN EFFORT TO ASSESS THE LIKELY IMPACT OF UNANTICIPATED SHORTFALLS IN NUCLEAR POWER AVAILABILITY WITH A VIEW TO DEVISING CONTINGENCY PLANS WHICH MIGHT BE UNDERTAKEN TO RESPOND TO SUCH AN EVENTUALITY.

C. CONSIDERING METHODS BY WHICH THE TECHNOLOGY FOR NATURAL URANIUM EXPLORATION, MINING AND MILLING MIGHT BE MADE MORE EFFICIENT, MORE WIDELY DISSEMINATED AND UTILIZED AND DEVELOPING AN IMPROVING UNDERSTANDING OF THE NATURAL URANIUM MARKET AND INDUSTRY.

D. CONSIDERING THE FEASIBILITY OF ESTABLISHING AN EMERGENCY SHARING PLAN FOR ENRICHED URANIUM ("SWU BANK").

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E. IMPROVING UNDERSTANDING AS TO HOW VARIOUS MEMBERS ARE APPROACHING ANTICIPATED PROBLEMS IN THE "BACK END" OF FUEL CYCLE AND HOW THEY MIGHT, INDIVIDUALLY AND COLLECTIVELY, COPE WITH ANY CONSEQUENT INCREASED REQUIREMENTS FOR NATURAL URANIUM AND ENRICHMENT SERVICES.

3. FOLLOWING IS A BRIEF DESCRIPTION OF EACH OF THE FOREGOING PROPOSED ACTIVITIES:

A. FORECASTING ASSUMPTIONS AND METHODOLOGY --
EACH MEMBER STATE PROBABLY UTILIZES A SOMEWHAT DIFFERENT APPROACH IN FORECASTING ITS NUCLEAR POWER AVAILABILITY AND TRANSLATING THIS INFORMATION INTO REQUIREMENTS FOR NATURAL URANIUM AND ENRICHMENT SERVICES. THE U.S.

BELIEVES THAT MEMBERS COULD BENEFIT FROM AN EXCHANGE OF SUCH FORECASTING INFORMATION AND THAT CERTAIN COMMON METHODOLOGY MIGHT PROFITABLY BE ADOPTED, AT LEAST FOR IEA FORECASTING PURPOSES. FURTHERMORE, THIS KNOWLEDGE SHOULD CONTRIBUTE TO AN IMPROVED UNDERSTANDING OF THE DEGREE OF RELIABILITY WHICH MIGHT BE ATTACHED TO SUCH FORECASTS.

B. IMPACT OF UNANTICIPATED NUCLEAR SHORTFALLS --

IEA/SLT(75)87 OBSERVES THAT "IF NUCLEAR PLANS ARE BEING OVERSTATED, AND THE IMPACT OF CONSTRAINTS UNDERESTIMATED, INADEQUATE ACTION MAY BE BEING TAKEN NOW TO COMBAT THE CONSTRAINTS OR TO ORGANIZE OTHER ALTERNATIVE ENERGY SOURCES TO MAKE UP FOR ANY SHORTFALL ON THE NUCLEAR SIDE." THE U.S. BELIEVES THAT THE NUCLEAR ENERGY ASSESSMENT STUDY RECOMMENDED BY THE SECRETARIAT MIGHT BE USED AS A POINT OF DEPARTURE TO ESTABLISH A RANGE OF POTENTIAL SHORTFALLS IN NUCLEAR POWER WHICH COULD RESULT FROM FAILURE TO REMOVE VARIOUS CONSTRAINTS AND AN EFFORT COULD THEN BE MADE TO DEVELOP CONTINGENCY PLANS WHICH MIGHT BE UNDERTAKEN, WITHIN VARIOUS TIME FRAMES, TO OFFSET SUCH NUCLEAR SHORTFALLS SHOULD THEY OCCUR. (SUCH CONTINGENCY PLANS WOULD BE EXPECTED TO BE OUTSIDE OF THE NUCLEAR AREA AND NOT REPEAT NOT INVOLVE INCREASED USE OF OIL OR NATURAL GAS.) ALTHOUGH EXTREMELY PRECISE PLANS MIGHT NOT EVOLVE FROM SUCH A STUDY, THERE WOULD STILL BE CONSIDERABLE BENEFIT IN CONSIDERING THE CONDITIONS WHICH MIGHT RESULT IN SUCH SHORTFALLS, THEIR RELATIVE IMPACTS AND THE REMEDIAL ACTIONS WHICH MIGHT BE AVAILABLE.

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C. NATURAL URANIUM -- THERE ARE INDICATIONS THAT A SERIOUS SHORTFALL OF NATURAL URANIUM MAY DEVELOP IN THE EARLY 1980'S. IF ADDITIONAL RESOURCES ARE NOT DISCOVERED AND MADE AVAILABLE TO THE INTERNATIONAL MARKET, IT WILL BE DIFFICULT TO ACHIEVE THE GROWTH IN NUCLEAR ENERGY USE THROUGH WHICH THE CONSUMER COUNTRIES HOPE TO REDUCE OIL IMPORTS. AVAILABILITY OF URANIUM RESOURCES COULD BE INCREASED BY:

(1) MORE EFFECTIVE EXPLORATION --

A. IMPROVING PROSPECTING TECHNOLOGY;

B. IMPROVING EXPLORATION METHODOLOGY (E.G., MORE EFFECTIVE GEOLOGICAL AND STATISTICAL ANALYSES);

C. STIMULATING EXPANDED AND MORE EFFECTIVE EXPLORATION USING KNOWN TECHNIQUES.

(2) DEVELOPING IMPROVED MINING TECHNIQUES FOR BOTH SURFACE AND UNDERGROUND DEPOSITS.

(3) EXAMINING WAYS IN WHICH THE MILLING AND CONCENTRATING PROCESS MIGHT BE MADE MORE EFFICIENT; FOR

EXAMPLE, BY STUDYING METHODS THROUGH WHICH LOW-GRADE ORES THAT ARE NOT CURRENTLY COMMERCIAL COULD BE MADE COMMERCIAL BY USING IMPROVED CONCENTRATING METHODS.

(4) STUDYING THE INTERNATIONAL MARKET FOR URANIUM AND EXAMINING WAYS IN WHICH ANY POTENTIAL SUPPLY/DEMAND IMBALANCE MIGHT BE AVOIDED.

THE U.S. CONTRIBUTION TO A NUMBER OF THESE PROJECTS COULD EVOLVE FROM THE NATIONAL URANIUM RESOURCE EVALUATION PROGRAM ALREADY UNDERWAY. CLOSE COORDINATION WOULD ALSO BE NEEDED WITH ON-GOING INTERNATIONAL ACTIVITIES IN THIS AREA IN THE NUCLEAR ENERGY AGENCY OF THE OECD AND THE IAEA.

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D. „SWU BANK“ -- DISCUSSIONS AT THE JULY 23 MEETING INDICATED A SUBSTANTIAL INTEREST IN THIS SUBJECT. HOWEVER, THE SOURCES OF BOTH NATURAL URANIUM AND ENRICHMENT SERVICES FOR SUCH A "SWU BANK" ARE VERY LIMITED OVER THE NEXT TEN TO FIFTEEN YEARS. NONETHELESS, CERTAIN POSSIBILITIES MAY EXIST WHICH WOULD PROVIDE AT LEAST A LIMITED DEGREE OF PROTECTION IN THE CASE OF ENRICHMENT SERVICES WHICH MIGHT BE CUT OFF DURING AN EMERGENCY SITUATION. BECAUSE OF THE COMPLEXITIES OF THE SUBJECT AND THE NEED TO DEFINE THE ROLES OF POSSIBLE PARTICIPANTS, IT IS THE U.S. VIEW THAT THE SUBJECT MIGHT NEXT BE FURTHER EXPLORED IN A SMALL, "BRAIN-STORMING" GROUP OF EXPERTS FROM MEMBERS POTENTIALLY INTERESTED IN PARTICIPATING IN SUCH A "SWU BANK."

E. "BACK-END" OF THE FUEL CYCLE -- THERE HAS BEEN ONLY LIMITED COMMERCIAL DEVELOPMENT OF THE FUEL CYCLE FOLLOWING DISCHARGE OF IRRADIATED FUEL FROM POWER REACTORS, INCLUDING CHEMICAL REPROCESSING, LONG-TERM STORAGE OF IRRADIATED FUEL, WASTE DISPOSAL AND MANAGEMENT AND PLUTONIUM RECYCLE. THE PROBLEMS ARE DIVERSE, RANGING FROM ECONOMIC CONSIDERATIONS TO ENVIRONMENTAL ISSUES, NOT THE LEAST OF WHICH RELATES TO THE POSSIBLE DIVERSION OF RECOVERED PLUTONIUM TO ILLICIT USE. FAILURE TO SOLVE THESE PROBLEMS ON A TIMELY BASIS WILL CLEARLY INHIBIT THE ADOPTION OF NUCLEAR POWER. ON THE OTHER HAND, THERE ARE POSSIBLE ALTERNATIVE SOLUTIONS WHICH MIGHT BE ADOPTED, EACH OF WHICH WILL HAVE ITS IMPACT ON REQUIREMENTS FOR INVESTMENT CAPITAL AS WELL AS FOR NATURAL URANIUM AND ENRICHMENT SERVICES. A FIRST STEP MIGHT BE TO COMPARE

THE VIEWS OF EACH IEA MEMBER WITH A SUBSTANTIAL NUCLEAR

POWER PROGRAM ON HOW IT PLANS TO RESOLVE THESE PROBLEMS.
SUCH EXAMINATION AND COMPARISON OF PROGRAMS RELATING TO
THE "BACK END" OF THE FUEL CYCLE MAY SUGGEST (A) HOW
SERIOUS THESE CONSTRAINTS MAY BE IN REDUCING NUCLEAR
POWER AVAILABILITY, (B) A PREFERABLE APPROACH TO
RESOLUTION OF SPECIFIC PROBLEM AREAS AND (C) POSSIBLE
COLLECTIVE ACTION WHICH MIGHT HELP TO ALLEVIATE THE
ANTICIPATED PROBLEMS. KISSINGER

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